

## **ENERGY EFFICIENCY AND RESOURCE MANAGEMENT COUNCIL**

### **Minutes—March 12, 2009**

Department of Administration Conference Room B

Chairman Ryan called the meeting to order at 3:35 PM

**Members Present:** Paul Ryan, Andy Dzykewicz, Christopher Powell, Joe Newsome, Sam Krasnow, Dan Justynski, Vic Allienello, Joe Cirillo and Tim Stout

**Others Present:** Seth Handy, Jerry Elmer, Tim Teehan, Andy Posner, Michael Clark, Libby Kimzey, Danny Musher, Matt Seversen Matt Soursourian and Amelia Rose.

**Staff Present:** Janet Keller, Matt Guglielmetti and Charles Hawkins

**Consultant:** Mike Guerard

**Executive Director's Report:** Andy D. said the only news was that he was still trying to fill Al Degan's slot on the Committee

### **Federal Economic Stimulus Bill (ARRA)**

Andy D. briefed the Council on ARRA. He mentioned three formula programs that will receive substantial increases in funding that will need to be spent by September 2010:

- The Weatherization Assistance Program (WAP) will get \$5 Billion under ARRA. This translates into about \$20.5 Million for RI. The RIOER is currently working with CCRI to train 90 new energy auditors. The WAP guidelines will not change.
- The Energy Efficiency and Conservation Block Grant Program will receive \$2.8 Billion in formula funding. This program was established in the Energy Independence and Security Act (EISA) of 2007. The guidelines call for 68% of these funds going directly to cities of over 35,000 and counties over 200,000. 16% would go to the remaining communities under 35,000 and 12% would go to the State Energy Programs (SEP) of each state's energy office.
- ARRA provides an additional \$3.1 Billion for each state's SEP. In RI this means a \$256,000 program will increase to over \$24 Million for the next two years. With these funds the states design and carry out their own renewable energy and EE programs.
- He also mentioned that there were competitive grant programs in ARRA that the State should be aware of that include: EE energy star rebates; transportation electrification; advanced battery research and smart grid technology.

**Although the guidelines for the Weatherization program would remain the same, there are still no guidelines for the SEP program or the EECBG program**

Dan J. asked if auditors trained at CCRI have to be RI residents. Andy D. was not sure.

Andy D. expressed concern about the upstream supply of EE products, insulation in particular. With such a huge influx of funds contractor doing the work may have problems getting materials. The 18 months needed to obligate the funds may need to be extended if the materials to do the work are not there.

Tim S. said that contractors need to see in writing that the funds will indeed be available. This is the part of the bill that the USDOE does not seem to understand. He said that in some states the issue of supply was already there before ARRA.

Andy D. felt that with all of the Block Grant and Weatherization money going to EE that a majority of the SEP funding will go to renewables, perhaps a 75-25 split. He said the challenge for the state is spend use the money both in a timely manner and wisely. The cynic in him worries about the wise part.

Paul R. mentioned the Governor's Stimulus Review Committee, which will oversee spending. Andy said it will be a seven person committee and the EERMC can be represented. A discussion then ensued about the work loads of the members and it was agreed that this would be too much work for one member. Paul suggested a rotation where all seven members would share the load and be the EERMC vote.

Joe N. expressed concern about equity in the process. He wants to make sure low income people get some of these EE jobs. He is worried about the connected making out at the expense of the little people. Who will watch this to make sure it does not happen. Andy D. mentioned the press and then said that the Legislature will surely be watching.

Joe N. was also concerned about geographic distribution. He wants all part of the states to participate.

A discussion then ensued about who will do the work. It was mentioned that the big companies are already lining up work in the big cities. Ameresco has already met with Providence. There was concern that small contractors will get squeezed out. In RI low-income EE work is contracted out by the CAPs. The OER has a request from the Wiley Center to offer EE training for their clients

Andy mentioned 2 metrics in determining who will get the money: 1. funding jobs per funds invested and 2. KWs saved per funds invested.

To Sam K., the most relevant of the three pots was the SEP funding and he intended to watch it closely. With 43% of the state heating with oil heat, the time is ripe for an all fuels EE Program for RI and would be a good use of SEP funding. He also expressed interest in serving on the review committee.

Joe C. asked if the money was-use it or loss it. It is.

Dan J. was concerned there may be a catch in this funding that could hurt the state down the road. He cited the unemployment provisions that compelled the Governor of Louisiana to reject ARRA funding. Andy D. said that the energy provisions have no such provisions.

**A discussion then ensued about the 43% of Rhode Islanders who heat with oil that can not access Grids EE programs for gas and electric customers. Chris P. was worried that a huge chunk of customers are being ignored and that there was nothing for non-low income. Sam brought up the Connecticut Home Energy Solution program that offers one-stop service for all utility customers as a good example for RI.**

Joe C. was concerned that if RI does not spend the money it will go to another state. The answer is yes.

### **VEIC/Optimal Work Plan**

The work plan has been amended to reflect the changes suggested at the 2/12 Council meeting. An issue to address was using RI companies for the work. Paul R. mentioned that in 2007 the Council used URI as a consultant and in 2008 VEIC.

Andy wanted to go on the record to express concern about extending consultant contracts without going through the competitive bidding process. He said that is how DOT got into trouble.

Chris P. mentioned that to do that for 2010, the Council has to begin the process now because it is time consuming. We need to be proactive and we need continuity.

Dan J. asked what is the state's process now. Paul R. responded that the Council goes through Grid.

Janet then gave a quick recap on RGGI. She said that a hearing was scheduled for 4/3 and that public comment is being received by the RIOER. Peter Lord did an article in the Sunday 3/8 ProJo. The public notice is on both the RIOER and the SOS website.

### **Capitol Good Group Weatherization Revolving Loan Proposal**

Andy Poser and Michael Clark, Brown graduate students, gave a presentation on their Revolving Loan for Residential Energy Efficiency Financing Model. This model includes two companies: the Capitol Good Fund (CGF), a microfinance organization supporting low-income entrepreneurs; and the Capitol Good Group (CGG), a for profit project management team specializing in environmental consulting.

The model will target homes not in the LIHEAP Program; will address RI's aging housing stock and help the state reach its LCP goals. Looking for initial funding from

either ARRA or RGGI funds but in the future it will be a sustainable fund that will leverage private financing.

The model covers all of EE projects costs with low-interest loans as the sources of capital and a tariff on the utility bill as repayment. CFG will administer and service the loans and CGG will oversee competitive bidding and 3<sup>rd</sup> party EE audits to verify the savings. This verification is critical to the success of the model. Marketing will be done by churches, community organizers, CAPS and utilities and hopefully EE contractors.

Its goals are to stimulate the market for weatherization in RI, reduce CO2 emissions, reduce RI energy use and cost by 20-50% and establish RI as a leader in EE. Long term goal is to have consistent funding for RI EE after ARA funding tries up.

Initial requirement include: start up funding; NGrid's write-off on the line item billing; a clarification concerning Grid's weatherization rebate, **with the question being can the \$1500 rebate go directly to the CGF to replenish the fund**; and the development of EE auditors and contractors. They are working with CCRI on contractor criteria.

The difference in this model is that it provides a turnkey solution that is simple for the customer with the CGG dealing with contractors and 3<sup>rd</sup> party verification. It is also a community based approach that will establish trust and educate borrowers.

Jerry Elmer asked if the PUC currently has the statutory authority to order Grid to institute the line item on the bill. Tim S. said they did and cited a 1991 case. Jerry E. then wondered if it still applied.

Dan J. mentioned other options, specifically a move by towns to put a lien on the property tax that give assurances to towns when the property changes hands. Andy P. said they were working with Providence on this model but the shortfall is that it would require each city council to pass a law to allow the line item on the property tax bill.

A question was brought about renters. Although there is currently no good model for renters, Andy P. suggested having landlords pay utilities bill to a point to give them incentives to install EE devices.

When asked to give other examples of this model, Andy P. mentioned Cambridge, Sacramento, Berkley and Manitoba. Chris P. talked about a simple performance test to show the consumer how much the EE is saving.

Sam K. asked about CGG's team. They are working with Seth Handy and have partnered with People's Power and Light to submit a \$10 million oil heat EE plan. Sam K. asked what piece of the stimulus money would this oil heat program come from. Michael C. said the request had gone to the OER. Janet said that it was not a formal application but just a letter of inquiry.

Janet then emphasized that without guidance from the DOE on the SEP program no formal application can be submitted. There is guidance on the Weatherization programs but none of the other formula funding.

Chris P. brought up the Grid weatherization rebate and mentioned a Brown lighting program where they get the net cost after the rebate without paperwork in an expedited manner. It helped Brown get the work done quicker with going through the rebate process. Does it apply to residential? Could this program go through a similar process? Tim S. said he would have to ask his residential program managers.

Joe N asked Matt G. about how many homes the OER are targeting this year for low-income EE. He said the OER is still running the numbers. ARRA will allow for more sophisticated EE measures and the amount that can be spent on a house has increased from \$3500 to \$6500.

**Approval of the February 12, 2009 Minutes:** Paul R. asked if the three voting members who attended the 2/12 meeting had any changes to the minutes. There were none. Joe N. moved to approve the minutes, Sam K. seconded the motion and the minutes were approved.

### **Other Business**

Joe N. asked about moving the meetings to other sites. Paul R. said he would propose a tentative schedule of possible sites like So. Providence, Woonsocket, Save the Bay, the Narragansett Bay Comm. and URI

Chris P. would like VEIC to give a presentation on EE efforts they have undertaken in other states. Give the Council examples of what innovative EE stuff is out there. It would give the Council a birds eye view of just what is out there.

There was a discussion of town comprehensive plans. Dan J. spoke of town's needing data and welcomed a VEIC presentation. Paul R. suggested inviting town managers to a meeting. Dan J. sees a need to for towns to overcome hurdles to EE.

Joe C. mentioned a joint meeting with the League of Cities and Towns.

Janet offered to prepare a two pager for the council from the Conference of Mayors that describes the 2007 ERISA provisions and how they have been modified by ARRA. Andy D. then opined that the EE Conservation Block Grant provisions were poorly conceived. The distribution does not make any sense.

Dan J. had a question about towns using ARRA funding as seed money to create a general fund with on the tax bill financing for EE programs for homeowners. If \$200,000 in seed money come from ARRA is there a payback at the end. Who wants the money back. Janet K. said that she would try to get an answer.

Andy D. said hard decision will have to be made. He has \$80 Million. in funds to fund \$75,000,000 of requests.

Joe C. said smaller town without planners need help. It is a shame because these smaller towns won't get the money. Andy D. hopes that the individual SEOs can help smaller town with EE planning. That is why the money for small towns are going through the SEOs

Sam K. Mentioned that the DSM Collaborative Sub-committee was still meeting and input from the committee was encouraged and a schedule of meeting will be forthcoming. He also brought up the need to approve the high level 3-year LCP Procurement Plan and that Dan P. may need to sent another letter to the PUC.

Chris P; said that CGG model really fits the RGGI 40% innovative bucket concept and this type of program was what was envisioned when the spending plan was conceived.

A motion to adjourn was made by Chris P. and seconded by Dan J. The meeting adjourned at 5:10 PM